

**One Project to Rule Them All: Managing *The Lord of the Rings***

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## Section 1 — Project Overview

### 1.1. Background

Ever since their initial publications in 1954 and 1955, filmmakers have always wanted to conquer the massively sprawling epic that is the literary achievement of *The Lord of the Rings* by J. R. R. Tolkien (Nathan, 2012, p. 1). With preproduction beginning around 1997 on live action adaptations, the challenge was undertaken by director Peter Jackson and the production company New Line Cinema (Thompson, 2007, p. 21). As we will examine, these three films correlate to the three books of the same name but will be treated as one singular project due to their simultaneous planning, filming, editing, and overall production processes.

Despite their staggered releases in 2001, 2002, and 2003, the trilogy of films was executed with a unified scope, shared resources, and a continuous production pipeline. Rather than being produced as three independent films, the trilogy's combined production allowed for the guarantee that no resources would be wasted, parallel filming across the three films could take place at any time, and pivots in production would be easier on the overall scope (Sibley, 2006, p. 165). Above all else, *The Lord of the Rings* trilogy represents a rare case of a film production functioning as a large-scale integrated project system, combining parallel production, experimental technology, and centralized creative control.

### 1.2. Objectives

The main objectives of the project were then to deliver three films with narrative continuity, high production quality, and commercial success. Obviously, the notion of making a profit on a film is inherent to Hollywood and its studios, with investors being appeased with their initial investments and the product's final form (Nathan, 2012, pp. 463-464). An additional element of the production of the films is also to please fans of the book series, benefiting from

their support by staying true to the initial vision present in the published text (Bogstad & Kaveny, 2009, p. 824). Similarly, one major goal was to honor the author's Tolkien's legacy, avoiding legal issues with his estate due to egregious or damaging depictions of his work in favor of making money (Thompson, 2007, pp. 26-27).

### **1.3. Stakeholders**

By way of the immense project before them, *The Lord of the Rings* had many stakeholders, all who needed to be satisfied. As discussed, the project was directed by Peter Jackson, who helped to hire all studio heads that would work tirelessly on these three films (Thompson, 2007, p. 90). The production company and investing studio was New Line Cinema, which would put forth a great majority of the budget for the project (Thompson, 2007, p. 49). Acting as one of the key stakeholders working on the three films, the visual effects company Weta Digital executed all necessary computer graphics and special effects shots, of which the three films were plentiful (Mathijs & Schneider, 2006, p. 330). Finally, the last remaining stakeholders were the audiences for the films, comprised of both diehard fans of the book series and casual movie fans (Thompson, 2007, p. 66). Perhaps most importantly, these audiences would decide if the films were either a success or a failure, and whether nearly five years of work by massive amounts of filmmakers would be worth it or not.

## Section 2 — Scope Management

### 2.1. Deliverables

The deliverables for this project are three feature length films, *The Fellowship of the Ring*, *The Two Towers*, and *The Return of the King*, extended editions of each film, and a marketing campaign for each film with specific marketing assets (Thompson, 2007, p. 3). Each of these deliverables was integral to the success of the project since they played specific roles and had varying purposes. For example, the initial three films were the overall goal of the project and completing them was necessary for its success. The extended editions were created as an additional way for fans to enjoy the trilogy, each adding at least half an hour of new content to the film (Mathijs & Schneider, 2006, p. 41). To ensure the success of these deliverables, some changes needed to be made to the source material. Characters and plot points were dramatically adjusted throughout the development of the movies to ensure that they utilize the medium of film and the challenges that come along with it, like limited run time and changes in viewer engagement, to their fullest potential (Nathan, 2012, p. 323).

### 2.2. Exclusions

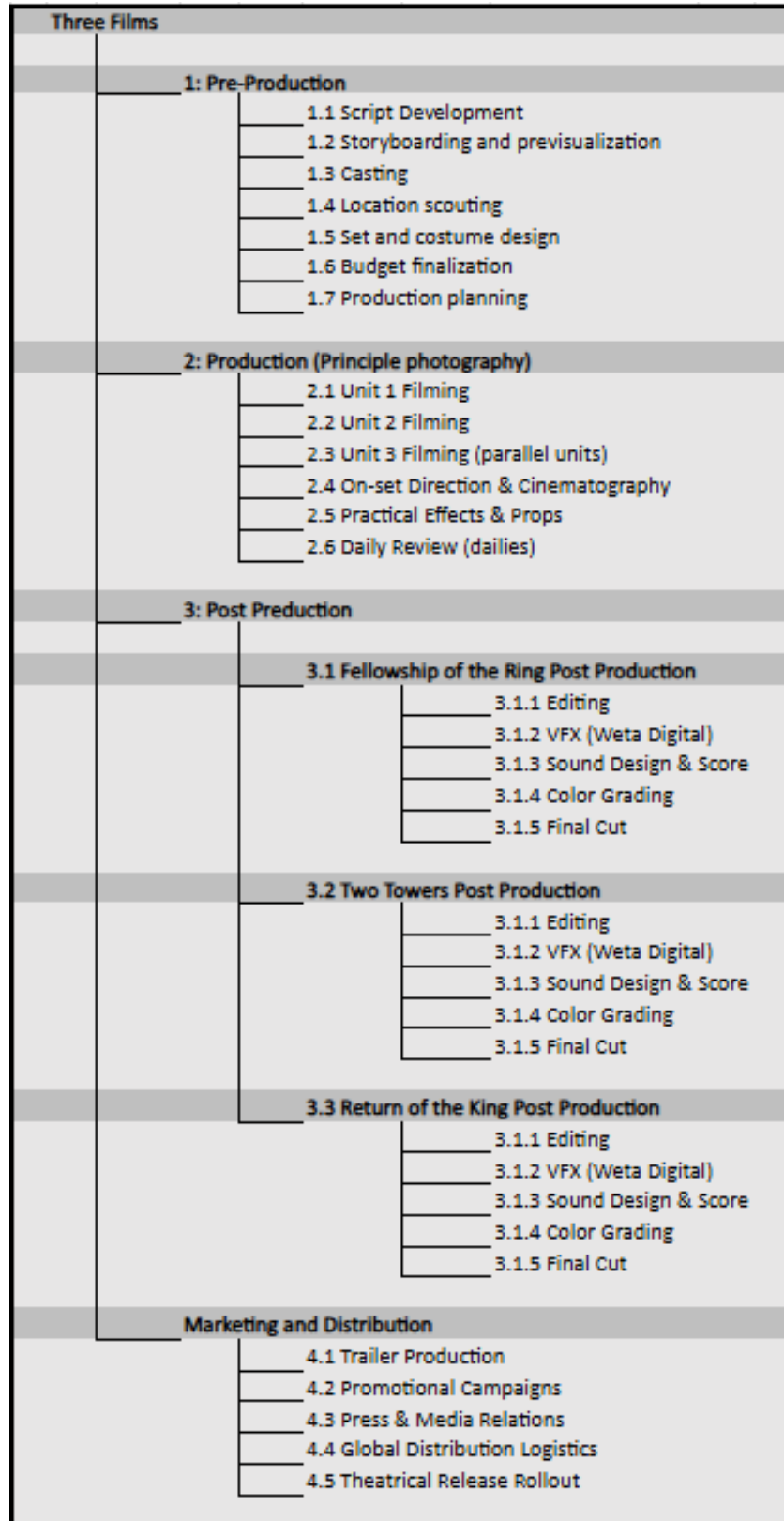
Several important exclusions were made during the creation and completion of the original *The Lord of the Rings* trilogy. Those exclusions included spin-offs, unnecessary story details, and non-canon adaptations (Thompson, 2007, p. 23). An example of a spin-off that was not included in this project is *The Hobbit* prequel trilogy that was completed in the mid-2010s (Thompson, 2007, p. 23). As for unnecessary story elements that were cut, sections of the novels like Tom Bombadil's section in *The Fellowship of the Ring*, and the sacking of the Shire in *The Return of the King* were removed (Thompson, 2007, p. 67). As for the exclusion of non-canon

adaptations, this includes the creation of unnecessary new plotlines that can be found in other film adaptations of novels (Thompson, 2007, p. 64).

### **2.3. Assumptions**

When starting production of *The Lord of the Rings* trilogy, there were several assumptions that were made to help ensure the success of the project. The assumptions that were made were that the films would have stable funding, the actors would be available to work across years, the production team would have access to and be able to return to shooting locations across New Zealand (Thompson, 2007, pp. 30, 36, 40, 52). The assumption of a stable budget was made for purposes of planning allocations to different aspects of the deliverables such as pre-production, filming, and post-production (Thompson, 2007, pp. 30, 31, 52). The other assumptions were created with the idea of reshoots in mind. Often when making a movie, scenes need to be changed during post-production and require the actors to come back, and the crew needs to return to locations for reshoots. These reshoots are done with the intention of improving the overall quality of the film.

**Figure 1: *Work Breakdown Structure***



## Section 3 — Time Management

### 3.1. Schedule

Due to the sprawling nature of *The Lord of the Rings* trilogy, the timeline for their development, filming, and editing were made to be as uniform as possible (Thompson, 2007, p. 28). Of course, the unpredictable was bound to happen, causing changes to this schedule. Nonetheless, the timeline followed a well-documented course, with pre-production on the three films lasting from around 1997 to 1999 and principal photography for the trilogy starting immediately after and ending in 2000 (Thompson, 2007, pp. 20, 34). Following the wrapping of filming, post-production work such as editing, sound and music, and visual effect implementation began, with *The Fellowship of the Ring* finishing and releasing in 2001, *The Two Towers* in 2002, and *The Return of the King* in 2003 (Mathijs & Schneider, 2006, p. 45). To reduce the total duration of these different stages, parallel tasks were utilized. These included starting post-production processes such as music and VFX early, filming different units at different locations simultaneously, and filming multiple scenes at the same location one after another (Thompson, 2007, pp. 40, 55).

### 3.2. Approach

Producing the three films not only benefited from being shot simultaneously, but required it. Without a parallel task structure, the project would have surely become unfathomably monumental and failed due to its size. Some dependencies inherent to the time management of the project would then be the development, filming, editing, VFX, scoring, and release of the films (Thompson, 2007, pp. 20, 33, 75). On each entry in the trilogy, these processes were necessary and oftentimes shared due to the nature of the project.

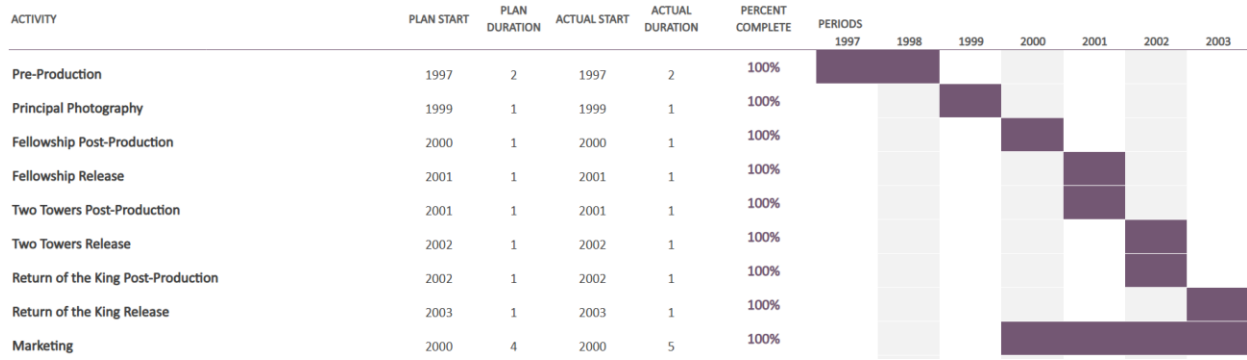
The milestones for the project would also follow a similar lineal and chronological path, each signaling the end of a phase. Beginning with pre-production, the first milestone would be the films being greenlit by the producing studio, New Line Cinema (Thompson, 2007, pp. 32-33). Next, the end of production and the wrapping of principal photography (Thompson, 2007, p. 34). Post-production would then have two major milestones, with completion of the rough cuts of the three films and the locking of the final cuts (Nathan, 2012, pp. 390, 402, 403). Finally, the three theatrical release dates will mark the end of the project and its successful completion (Mathijs & Schneider, 2006, p. 45).

### **3.3. Critical Path**

One special case for managing the project's timeline would be VFX development. Starting early in pre-production, work on the special effects and computer-generated imagery would be done throughout the filming of the films before being finalized in post-production (Sibley, 2006, p. 610). Due to the complexity of the digital effects, working on it would significantly extend the post-production timelines, sometimes causing delays or scenes to be cut (Thompson, 2007, p. 68). The VFX would then be heavily tied to the critical path, making the path entirely driven by the post-production of the films. By way of this notion, the longest chain of required tasks was editing, VFX rendering, compositing VFX into shots, sound design, and completing the final cuts (Nathan, 2012, p. 310). As the technology was revolutionary and new for the early 2000s, its creation was intensive and iterative, with any delays potentially impacting the films' release dates (Thompson, 2007, pp. 75-76). As the release dates are hopefully set in stone, there is zero schedule float at the end of the project, making visual effects the primary schedule constraint for *The Lord of the Rings* films.

**Figure 2: Gantt Chart**

## Lord of the Rings Production



## Section 4 — Cost Management

### 4.1. Budget

The entire project's budget is reported to be around \$281 million, with each film having a budget of around \$93-94 million (Box Office Mojo, nd.). Budget breakdowns for specific films are difficult to find, so the information displayed in this section is based on calculations using average cost breakdowns for movies. It is also broken down into different categories than other sections to align with standard film budgets. The categories used are “above the line” (ATL), production, post-production, other costs, and marketing. The most notable difference is the “above the line” costs. ATL is the creative aspects of the movie; this includes the director, writers, the art department, and the producers (Follows, 2019). ATL often coincides with costs that are also part of pre-production. Marketing is calculated separately from the film's budget. This means that marketing costs will not be included in the budget calculations for this project.

Based on the numbers used by Follows in the 2019 paper “How do film budgets change as they grow?” ATL for *The Lord of the Rings* was around 16% of the total cost, which comes out to about \$45 million. The ATL budget includes the costs for creatives like the director, but also many of the pre-production tasks like concept art, casting, location scouting, and design. Since post-production for the trilogy was larger than expected, the production made up a smaller percentage of the total budget than the expected 56% stated by Follows. Production for *The Lord of the Rings* likely took up about 45% of the budget and came out to a total cost of \$126.5 million. The production costs included filming, logistics, crew, equipment, sets, and travel. Post-production costs made up roughly 39% of the budget, which comes out to roughly \$106.6 million. Post-production costs included visual effects and special effects, editing, music, and sound design. The other \$2.9 million was made up by miscellaneous costs for the films.

Films have a separate budget for marketing. This budget is often almost as large as the budget for the movie. This means that to be successful, a film must make around double its budget at the box office. *The Lord of the Rings* is no different. According to a report from the New York Times, the marketing budget for *The Fellowship of the Ring* was around \$50 million (Lyman, 2001). This means that the total marketing budget for the trilogy was likely around \$150 million.

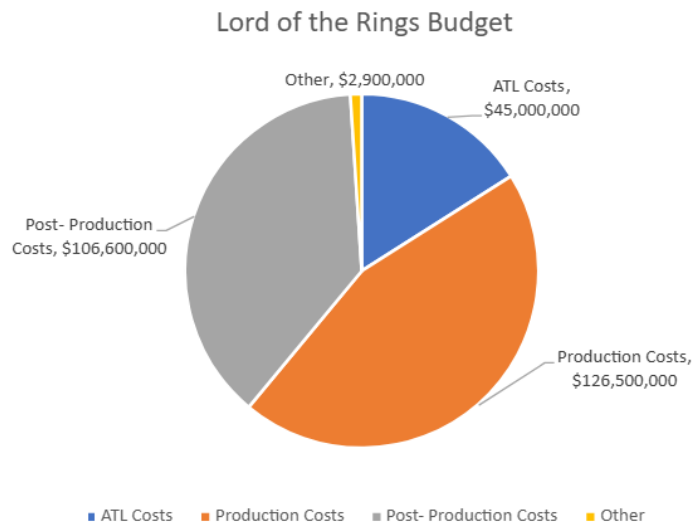
#### **4.2. Tracking & Controlling Spending**

Tracking and controlling spending during movie production is a difficult task, and budget overruns are a frequent issue. Tracking and controlling spending is done by using earned value management (EVM). EVM is the technique used to measure project performance as it relates to the budget and costs. It is broken down into three parts, planned value (PV), earned value (EV), and actual cost (AC). To measure project performance, EVM uses its parts to create calculations that determine the project's current progress. The calculations are cost variance (CV) and schedule variance (SV).  $CV = EV - AC$ , and  $SV = EV - PV$ . CV determines if the project is under or over budget, while SV determines if the project is ahead or behind schedule.

EVM was likely used during the creation of *The Lord of the Rings* in several situations. One place where EVM, specifically SV, was used during post-production for VFX timelines. SV was used to determine if VFX timelines were overrunning their expected duration. CV was likely also used during post-production to determine if the VFX production would remain under budget. Unfortunately, they did not. However, CV allowed the team to adjust the budget to the increased costs and complete the project. This was partly due to stage-gate funding tied to milestones. This means that funding was provided to the team when they completed specific tasks for the project. Using this type of funding meant that even if one part of the VFX were not

finished because of budget overruns, the project would still receive funding if other parts were completed and that the funding could be used for VFX.

**Figure 3: Cost Estimation Per Phase**



## Section 5 — Quality Management

### 5.1. Standards

The quality standards for *The Lord of the Rings* were exceptionally high. The project required the highest level of cinematic and visual realism. This means that CG was meant to be indistinguishable from live action. The series also required narrative continuity between each movie to ensure the story was told correctly. The technical work was also expected to be at the highest level. Visuals, acting, editing, music, and sound design were all required to be top quality. In addition to these standards, there were other quality expectations placed on the trilogy. The most important of these were the industry expectations for blockbuster films. These include being financially successful and appealing to a wide audience.

### 5.2. Measurement

Measuring the quality of the films was a critical task for the production team. The production team used many methods to measure the quality standards for the project. Some of the methods used to measure quality were determining error rates in VFX shots, test screenings, and audio testing. Each of these methods helped the team measure different aspects of quality for the project, allowing the team to fix problems across the board and improve overall quality.

### 5.3. Quality Assurance

Assuring quality during the creation of the trilogy was process focused. Quality assurance was crucial for the project since it aligned the project's quality goals with stakeholder expectations, industry benchmarks, and regulatory requirements. Many of the methods used to ensure quality were implemented early in the project. Some methods used were storyboarding, previsualizations, and workflow timelines for VFX. These assurance mechanisms create a basis

that the team used to direct effort throughout the project. They allowed for smoother overall work and higher quality throughout both the production and post-production stages.

#### **5.4 Quality Control**

Unlike quality assurance, quality control for *The Lord of the Rings* was product focused. Control methods were used to ensure the final deliverables were of the highest quality. Many film-specific methods were used throughout the process, including final edit reviews, test screenings, reshoots, automated dialogue replacement (ADR), and scene level-corrections. Each of these methods helped improve a different aspect of the films which built a stronger final product overall. In addition to these methods, the development team kept in frequent contact with stakeholders to demonstrate the quality of the films and assure them that the movies would be successful.

#### **5.5. Testing & Validation Plan**

Several types of testing were used as part of quality control. The types of testing used were functional, usability, and performance. Much of this testing was done during test screenings since they provide an environment that is open to giving feedback and enhancing quality. Functional testing was used to ensure that scene continuity made sense and worked correctly. Usability testing measured audience comprehension to make sure the overall story of each movie made sense. Performance testing was used to confirm the quality of the pacing and runtime of each film. Outside of test screenings, quality tests were run on the equipment used for VFX shots. The trilogy created and implemented many new technologies to enhance the quality of the VFX. With the implementation of new technologies, quality control was crucial. Performance tests were completed to ensure that the new technology could run the simulations for large-scale battle scenes that had many complex VFX requirements.

## Section 6 — Risk Management

### 6.1. Identifying Risks

*The Lord of the Rings* ran into many risks and challenges throughout the project. Starting from the conception of the project, getting the initial financial backing for the project was difficult. The project was forced to switch studios and cut a proposed Hobbit film before it could even begin entering pre-production (Rose, 2002). The risks facing the project can be broken down into categories. Firstly, technical risks were present; this was especially true for the VFX in the films. If they were large enough, VFX limitations could have prevented the project from reaching its quality standards and slowed the project down. These VFX limitations were particularly notable because the production relied on iterative, trial-and-error processes, increasing uncertainty during execution. The VFX team also invented new VFX technologies and strategies that were necessary to complete the films. These new technologies slowed the project, leading to delays. Operational risks were also present. Weather conditions and issues at shooting locations. These issues slowed workflow and increased the duration of production. Human risks were also relevant to the project. Actor and crew availability limited the amount of time available for production which may have weakened the overall quality of the films. Also, the potential of injury raised concerns about the project timeline and cost. Finally, one of the largest risks related to the development of *The Lord of the Rings* was financial issues. Budget overruns were a major risk faced during every phase of the project. These overruns led to concerns from the studio that the project may not be a financial success, causing it to limit the scope of the project.

## 6.2. Mitigation Strategies

Since many risks posed a wide variety of threats to the development of the trilogy, many strategies were implemented to mitigate the risks. Specifically, the development team used strategies for threats to reduce the impact that risks had on the project. One thing done to mitigate a risk was for VFX production. Multiple teams were used in parallel to complete more work at once. This reduced the amount of time spent on VFX and increased the chance that the trilogy would be released on time. To limit the impact of injuries on the cost of the project, insurance companies were hired to cover actor, crew, and equipment damages. This transferred the risk away from the project and reduced the overall cost. Some risks were unavoidable and needed to be accepted. Issues with the weather and schedules meant that there were many minor scheduling delays that could only be accepted. Ultimately, by using a variety of risk mitigation strategies, the production of *The Lord of the Rings* trilogy was successful.

**Figure 4: Risk Register**

	<b>Likelihood</b>	<b>Impact</b>	<b>Owner</b>	<b>Mitigation</b>	<b>Contingency</b>
<b>VFX Rendering Delays</b>	High	High	Weta Digital & New Line Cinema	Parallel rendering pipelines	Prioritize critical scenes
<b>Budget Overruns</b>	High	High	Producers & New Line Cinema	Cost tracking	Use contingency reserve
<b>Actor Availability &amp; Injury</b>	Medium	Medium-High	Actor & New Line Cinema	Schedule buffering & Insurance	Reshoot scheduling
<b>Technology Limitations</b>	Medium	High	Weta Digital & New Line Cinema	R&D Investment	Simplify effects / cut scenes
<b>Schedule Failure</b>	Low-Medium	High	Producers & New Line Cinema	Parallel workflows	Delay non-critical deliverables

## **Section 7 — Stakeholder Management**

### **7.1. Identifying Key Stakeholders**

As previously mentioned, the key stakeholders for this project are those directly involved with its production and reception. In terms of leadership with both high power and interest in the project, the three films are directed by Peter Jackson and produced by New Line Cinema, additionally led by department heads (Sibley, 2006, p. 7). Beneath them are all the crew members working on the project throughout all production departments, as well as the cast acting throughout the films, both of whom hold medium power and high interest (Thompson, 2007, p. 1). Finally, the audience determines whether the three films are successful or not through ticket sales and engagement with marketing during the final stage of the project's lifecycle, where they have low power but a high interest in the project's production (Thompson, 2007, p. 5).

### **7.2. Stakeholder Communication Plan**

To effectively translate information between all necessary key stakeholders, several different methods were employed. Daily production meetings were used to keep all departments on the same page each day of production and post-production, using written reports to recognize integral information about the day before, the day ahead, and the next few days (Nathan, 2012, pp. 447-448). Additionally, weekly executive reports were written to catalog the prior and following week of production (Sibley, 2006, p. 805). Finally, milestone-based reviews were held with all key stakeholders, where screenings of rough or final cuts of scenes or one of the films would be shown (Thompson, 2007, pp. 42-43).

## Section 8 — Conclusion

### 8.1. Key Points

Ultimately, *The Lord of the Rings* trilogy directed by Peter Jackson was an overwhelming success, both financially and critically. The project resulted in three high quality movies as final deliverables. To achieve success, the project performed strong integrated planning in its scope, time, cost, quality, risk, and stakeholder management. Scope management was strong throughout the project. The team maintained a tight focus on its deliverables to prevent scope creep from harming the results. Throughout the project, visual effects were the critical path that constrained the duration of the project and caused the greatest concern for the timeline. To prevent the critical path from harming the project, the team developed a robust schedule to ensure work was completed on time. Managing the cost of the project was a constant challenge. To ensure budgets were effective, they were monitored with EVM principles. Ensuring the highest quality was a key aspect of the project. To achieve top quality, various testing strategies were used throughout the project. Creating a set of films on such a large scale comes with massive risks. To mitigate the risks, crews used a variety of threat response techniques. Finally, the team built and maintained a connection with stakeholders and frequently coordinated with them to improve satisfaction.

### 8.2. Challenges

As a team, we faced a couple of challenges during this project. One challenge we faced was our different timetables for working on the project. Due to constraints created by other work, Duncan was unable to get an early start on the project. This meant that Joe ended up doing a lot of the research for all aspects of the project. Joe found that the research process was difficult because there was so much information. Since there was too much information, it took

significant effort and time to parse out useful information and apply it to this paper. In addition to this, Duncan taking significant time before he began working on the project meant that Joe was forced to wait before reviewing the work. This may have led to some stress about the project timeline and the overall quality of the work. A final challenge we faced that is related to the others is that we likely had different mindsets going into the project. Joe seemed eager to get it done as soon as possible, while Duncan wanted to focus on other work first and take a little more time with this project. This led to a small amount of friction between us, but it was resolved quickly by using effective communication.

### **8.3. Lessons Learned**

We learned many important lessons from this project. The lessons we learned relate to many aspects of project management and we can use them in our future work. One lesson we learned was early scope clarity prevents downstream issues. Identifying our deliverables and choosing our topic early streamlined the whole process during this project. Splitting up work and working in parallel was an effective strategy we learned for this project since it let us each do parts without needing support from the other person. However, it did make some parts more difficult because we did not always have all of the information we needed and communication could be difficult. We also found that monitoring risks continuously during the project is necessary for keeping it on track and preventing issues from popping up later down the road. Our success depended on consistently completing our task and managing the scope of the project. This ensured an effective workflow and improved our final product. In many ways, these lessons overlap with the contributors to the success of *The Lord of the Rings* movies since they utilized many of the same strategies we did throughout the project.

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